

TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1722 – HB 1977

March 15, 2016

**SUMMARY OF ORIGINAL BILL:** Requires the Bureau of TennCare or the Division of Health Care Finance and Administration (HCFA) of the Department of Finance and Administration to continue to use technical assistance groups (TAGs) of healthcare providers in developing any episode of care and to maintain the use of TAGs throughout the period of implementation of any episode of care when developing or implementing any payment reform initiative involving the use of episodes of care with respect to medical assistance.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$25,600

Increase Federal Expenditures - \$47,600

**SUMMARY OF AMENDMENT (012659):** Deletes all language of the original bill. Requires the Bureau of TennCare or the Division of Health Care Finance and Administration (HCFA) of the Department of Finance and Administration to report on the use of technical assistance groups (TAGs) of healthcare providers in developing any episode of care. The reports are to include all recommendations made by TAGs throughout the period of implementation of any episode of care. The Bureau is to summarize the recommendations of any TAGs concerning the payment reform initiative and identify any action taken by the Bureau or HCFA to address those recommendations in the currently required quarterly reports to the General Assembly. The Bureau and HCFA are to report, by July 1 of each year, to the Health Committee of the House of Representatives and the Health and Welfare Committee of the Senate concerning the use of TAGs and on each recommendation made by those groups and the response by the Bureau or HCFA to each recommendation.

Requires the HCFA, in consultation with the Department of Commerce and Insurance (DCI), to promulgate rules that are to ensure that the DCI is to conduct equivalent oversight of the participation of MCOs participating in any payment mechanism that uses episodes of care or bundled payments. Any enrollee satisfaction survey funded or commissioned by the Bureau, on or after July 1, 2016, for the TennCare program is to use a ten-point scale by which enrollees can identify their level of satisfaction.

No later than October 1, 2016, the Deputy Commissioner of Finance and Administration responsible for the TennCare program is to establish a procedure permitting direct access to the all payer claims database and any managing vendor of the database by the Department of

Finance and Administration, the Department of Health, the Department of Mental Health and Substance Abuse Services, the Department of Intellectual Disabilities and Developmental Disabilities, and other departments and entities of this state. Increases the number of members, from 11 to 13, of the TennCare Advisory Commission. Those two members being the Chair of the Health Committee of the House of Representatives, or the Chair's designee, and the Chair of the Health and Welfare Committee of the Senate, or the Chair's designee. Additionally adds these two members to serve as ex officio members of the state TennCare Pharmacy Advisory Committee.

## **FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:**


**Increase State Expenditures - \$549,000/One-Time  
\$771,300/Recurring**

Assumption for the bill as amended:

- Based on information provided by the University of Tennessee, it will take time to revise the satisfaction survey; however, the contract is in place and any additional cost can be absorbed.
- Based on information provided by the Bureau of TennCare, enhancements will have to be made to the all payor claims database (APCD) to allow access.
- The one-time increase in state expenditures is estimated to be \$549,047 (\$429,200 initial implementation + \$119,847 change order).
- The recurring increase in state expenditures associated with the contractor support costs for maintenance and operations of the enhancement is estimated to be \$769,270.
- The two additional General Assembly members that will serve on the TennCare Advisory Commission will receive reimbursement for travel expenses and per diem.
- Assuming three annual meetings when the General Assembly is not otherwise in session, there will be a recurring increase in state expenditures of \$2,061 [(2 members x \$139.59 travel) + (2 members x \$204 per diem) x 3 meetings] for each one day meeting.
- The total recurring increase in state expenditures is estimated to be \$771,331 (\$769,270 + \$2,061).
- Any additional cost to meet the reporting requirements of this bill as amended is considered not significant.

## **CERTIFICATION:**

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

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